



DEPARTMENTS OF THE ARMY AND THE AIR FORCE  
NATIONAL GUARD BUREAU  
US PROPERTY AND FISCAL OFFICER FOR CALIFORNIA  
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CAJS-US-PC

1 February 2003

MEMORANDUM FOR All Government Purchase Card Billing Officials and Cardholders

SUBJECT: GOVERNMENT PURCHASE CARD POLICY LETTER - Split Purchases and Unauthorized Purchases

1. The purpose of this memorandum is to provide official policy to Government Purchase Cardholders and Billing Officials on their duties and responsibilities regarding the monitoring and control of split purchases and unauthorized purchases with the Government Purchase Card. Splitting requirements into individual lesser purchases in order to circumvent a cardholder's single purchase limit or the micro-purchase dollar threshold of \$2,500 limits competition and results in higher overall cost to the Government. Splitting requirements is improper and is in violation of Federal Acquisition Regulations and Public Law 103-355, Title IV, Section 4301(a). Policies and procedures for the use of the Government Purchase Card within the California Army National Guard are found in the USPFO for California Government Purchase Card Standard Operating Procedure located on the California National Guard web site, <http://www.calguard.ca.gov/>, listed under the United States Property and Fiscal Office – Purchasing and Contracting.

2. To determine if a requirement was split, you must first determine what the requirement was at the time of the purchase. **The known need of an organization by the cardholder at the time of the purchase constitutes the requirement.** If a cardholder typically purchases the items when they become aware of the need, then the requirement is considered that instant quantity. This is a legitimate purchase. If they wait until the end of the day to purchase items/requirement, the requirement becomes the total of the needs received up to the point of ordering, regardless of what is being ordered and by whom. **Splitting the needs (requirement) into individual purchases is improper unless no one vendor has the capability to satisfy the full requirement.** If the requirement exceeds the cardholder's single purchase limit, he/she cannot purchase the items with the card and must forward the requirement to the contracting office or to a person with the authority to purchase at that level.

a. **Example 1** - The cardholder receives multiple requirements for various items and is unaware of the total cost of all items. The cardholder proceeds to the vendor to purchase the items. As the cardholder accumulates the purchases, he/she discovers that the items total more than \$2,500. The cardholder may not continue with the purchase, but must forward it to CAJS-US-PC for purchase. If the agency reduces its requirement below \$2,500, the purchase may be made. However, if the requirement is reduced so that the remaining items may be purchased at a later date, this is a split purchase.

b. **Example 2** - If the cardholder receives the requirement for an item in the morning and purchases it and then that afternoon without prior knowledge he/she receives another requirement for the same item and the cardholder goes out and purchases it that afternoon, it is considered a legitimate purchase and does not fit the definition of a split purchase. If, however, the cardholder receives the order for an item in the morning and waits, and that afternoon receives another order for the same item, but sees that it will exceed \$2,500, then purchases it the following day via one order in the morning and then another in the afternoon, then this is clearly a split purchase. All orders must be considered and placed as one purchase.

3. **What is an unauthorized purchase?** An unauthorized purchase is any time a cardholder did not have the authority to make the purchase. Examples of unauthorized purchases are:

- a. Purchasing items not authorized under the accounting data cited by the cardholder;
- b. Purchases made without funds being reserved prior to the purchase;
- c. Purchasing items that are for personal use or are not required for official government use or purpose;
- d. Purchases which exceed the monthly spending limits approved by the Billing Official;
- e. Purchasing items that have been specifically prohibited by regulation or statute;
- f. Purchasing items which are part of a system or larger purchase exceeding \$100,000 in value; or
- g. Purchases that have been split to stay under the micropurchase limit of \$2,500.

4. **What is the responsibility of the Billing Official with regard to detecting and administering cardholder violation of split purchases or unauthorized purchase policy defined in paragraph 3?** Each month the Billing Official receives a monthly statement from their cardholder(s). The face of this statement requires the Billing Official to sign indicating his/her approval of the purchases. When the Billing Official signs this statement, he/she is saying that the purchases shown on the statement are approved for payment and that they will be responsible for repayment to the Government for purchases that are unauthorized as determined by a later audit and/or reconciliation.

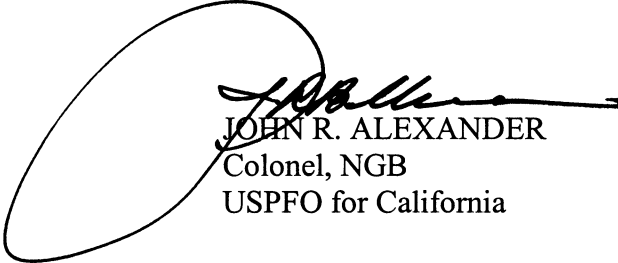
5. **What does the Billing Official do if he/she discovers that a cardholder has made split purchases or unauthorized purchases?** On the first offense the Billing Official shall issue a Warning Memorandum to their cardholder, forwarding a copy of the memo to CAJS-US-PC for placement in the cardholder's official appointment file. The warning memo should contain detailed information of the violation and what actions the Billing Official intends to take if it happens again. Should the cardholder continue to violate the split or unauthorized purchase rules, their purchasing authority will be revoked by the USPFO.

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6. The cardholder and Billing Official are the only individuals who may determine if a split purchase has been made because they are the only ones who are aware of the instant requirements of the organization at the time the purchases were made. It is essential that each cardholder document his/her purchase card log with information concerning the purchase requirements whenever the sequence of purchases gives an appearance of a split purchase. This information will be required from Billing Officials to reply to a VISA spot audit and the audits performed by the Internal Review Division.

7. Questions concerning authorized use of the Government Purchase Card may be referred to LTC Eric H. McDonald, Chief, Purchasing and Contracting Division, at (805)594-6251, DSN 630-6251, or CAGNET 66251.



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USPFO for California

CF:

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